

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Investigation by the Department on its own motion into the appropriate regulatory plan to succeed price cap regulation for Verizon New England, Inc. d/b/a Verizon Massachusetts' retail intrastate telecommunications services in the Commonwealth of Massachusetts

DTE 01-31  
(Phase II)

**AT&T'S PROPOSED SCHEDULE FOR PHASE II  
AND COMMENTS IN SUPPORT**

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August 15, 2002

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**Introduction**

On August 1, 2002, by hearing officer memorandum, the Department proposed a schedule for the orderly conduct of Phase II of this docket and requested that parties wishing to propose alternative schedules do so by August 15, 2002 ("*Hearing Officer Memo*"). AT&T's proposed schedule is attached hereto.

**Comments In Support Of Proposed Schedule**

The Department established a Track A to consider whether Verizon's June 5, 2002, filing complies with the Department's directives in the *Phase I Order* concerning Verizon's retail business services. The Department established a Track B to "investigate the appropriate regulatory treatment of Verizon's retail residential services and Verizon's proposed service quality plan." AT&T believes that the Department's two-track approach is an efficient way to conduct the proceedings and maintains that approach in its proposed schedule. Each track is discussed below.

## **I. TRACK A**

### **A. THE SCHEDULE SHOULD PROVIDE AN OPPORTUNITY FOR OTHER PARTIES' TO PROVIDE INFORMATION RELEVANT TO WHETHER VERIZON HAS COMPLIED WITH THE DEPARTMENT'S *PHASE I ORDER*.**

The Department's schedule for Track A provides only for discovery on Verizon's filing. AT&T's proposed schedule provides an opportunity for the parties to file testimony or comments on October 4 regarding whether Verizon's filing complies with the Department's *Phase I Order*, based on the discovery responses received from Verizon. It is critical that the parties be permitted to file testimony because Verizon's discovery responses will not by themselves demonstrate whether Verizon's filing is in compliance. AT&T's proposed schedule also provides for a procedural conference on October 23 to determine the appropriate next steps, based on the discovery and the intervenor testimony.

Perhaps the best example of why testimony from other parties is necessary to determine whether Verizon has complied relates to the Department directive to Verizon "to identify in its Phase II filing, those retail business services, in addition to private line services, if any that are not contestable on a UNE basis." *Phase I Order*, at 62, n. 39. In its June 5, 2002, filing, Verizon asserted that "all of Verizon MA's retail Business services can be replicated by competitors via UNEs." *Compliance Summary*, at 8. In support, Verizon identified UNEs that could be used *as a technical matter* to provide a competing service, *if it were not for restrictions that Verizon places on the use of such UNEs in its wholesale tariff (MA Tariff No. 17)*. Giving Verizon the benefit of the doubt, perhaps Verizon does not know how its use restrictions impact other carriers' ability to compete with Verizon's retail services. In that case, asking questions of Verizon in discovery will not demonstrate the impact of use restrictions on a carrier's ability to contest specific retail markets. Only a competing carrier reliant on UNEs to compete can

provide that explanation. *See, Comments of AT&T Communications of New England, Inc Regarding Verizon's June 5, 2002, Compliance Filing*, filed in this docket on June 25, 2002 (“AT&T Compliance Comments”), at 6-10.

AT&T anticipates that discovery will be helpful in obtaining from Verizon useful descriptions of its retail services, the typical consumers of such services, and the markets in which such services are provided. On the basis of such information, AT&T will be able to analyze those retail markets, determine how it presently services those markets (including whether it can do so on the basis of UNEs) and explain to the Department which of the markets it is not able to use UNEs to compete in.

Because Verizon does not have – or is unwilling to provide – information that is necessary to determine whether its June 5, 2002, filing complies with the Department’s directives relating to business services in the *Phase I Order*, it is necessary for the schedule to include an opportunity for AT&T to provide the necessary information.

**B. THE SCHEDULE SHOULD PROVIDE AN OPPORTUNITY FOR THE DEPARTMENT TO IMPLEMENT UNCONTESTED PARTS OF VERIZON’S FILING PRIOR TO RESOLUTION OF UNRELATED ISSUES.**

In its Phase I Order, the Department stated that switched access charges should be reduced to their economically efficient levels and reserved Phase II for implementation of that ultimate objective. *Phase I Order*, at 62-63. It is undisputed that economically efficient levels are based on incremental cost. Thus, the Phase II proceeding will generally address the access rates that reflect incremental cost. The Department, however, directed Verizon to reduce immediately its intrastate switched access rates to interstate switched access rate levels. *Id.*, at 63. On that later issue, based on the comments filed on June 25, 2002, by the parties, there is no dispute that the intrastate switched access rates proposed by Verizon comply with the

Department's interim objective to move intrastate switched access rates to interstate levels. As a result, there is no need to wait for the resolution of other, unrelated issue before implementing this Department directive.

Accordingly, AT&T has proposed several new dates for the schedule. The first (September 6) establishes a date by which parties may file any objection to an immediate implementation of the Department's directive to move switched access charges to interstate levels (pending further investigation in Track B to establish economically efficient access rate levels). The second date (September 13) is a date by which parties may respond to objections filed on September 6. Assuming the Department finds that the interim access rate change could go into effect prior to the resolution of other issues, AT&T has proposed a date of October 1 for Verizon to file the appropriate tariff, and a date of November 1 for the tariff to go into effect.

## **II. TRACK B**

AT&T has also provided an alternative schedule for Track B. In this case, AT&T has not provided any additional dates. AT&T's only changes relate to the dates for which its part of the process is scheduled. AT&T anticipates that it will need outside experts to assist in preparing and presenting its case. Given that August is the most vacation-intensive month of the year, AT&T is unable to determine whether it can obtain the individuals and resources it needs and is even less able to commit those resources to a filing that is due on August 28. Adding to the difficulty has been the inability to establish with certainty what the schedule will be until the procedural conference on August 22, only six days prior to the date that alternative plans and testimony are due under the Department's proposed plan. Accordingly, AT&T's proposed schedule reflects essentially the same process as proposed by the Department, but the dates have been pushed out by approximately three weeks.

**Conclusion.**

For the reasons set forth above, AT&T respectfully requests that the Department adopt the schedule set forth on AT&T's proposal attached here.

Respectfully submitted,

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